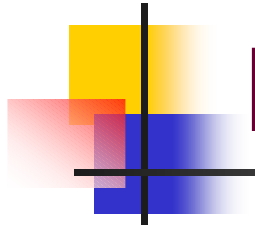




M&M Contractors

~A Whole New World~





HUD Disposition Program

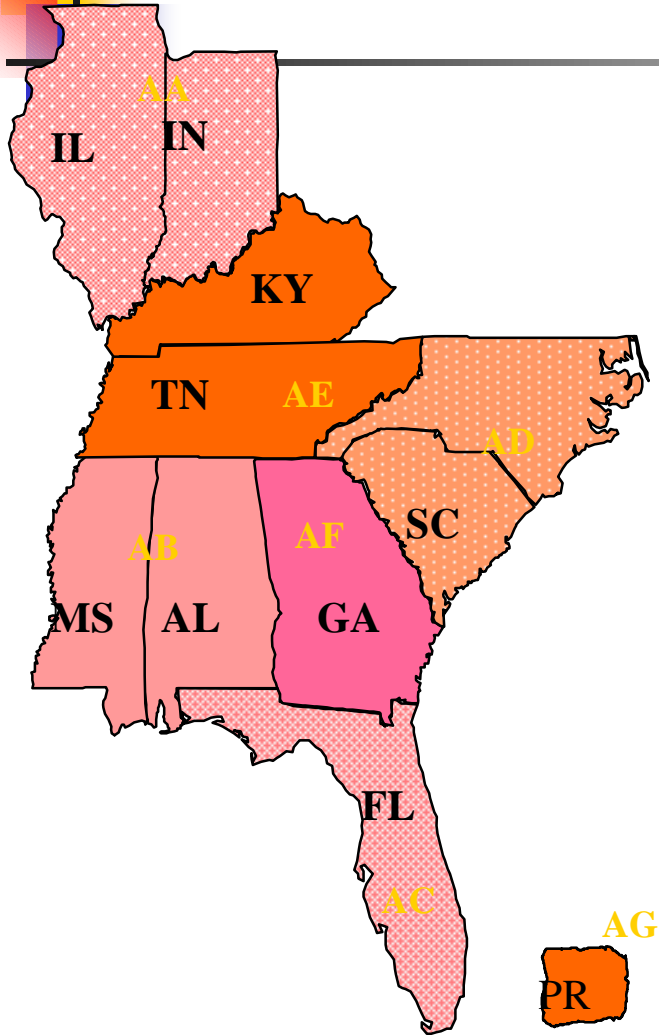
- ✍ In 2004 HUD sold 77,700 homes worth more than \$6 Billion
- ✍ HUD acquires approximately 5,000 houses per month
- ✍ Average daily holding cost per property is \$33.84
- ✍ All operating costs come from the insurance funds not taxpayers



Marketing Strategy

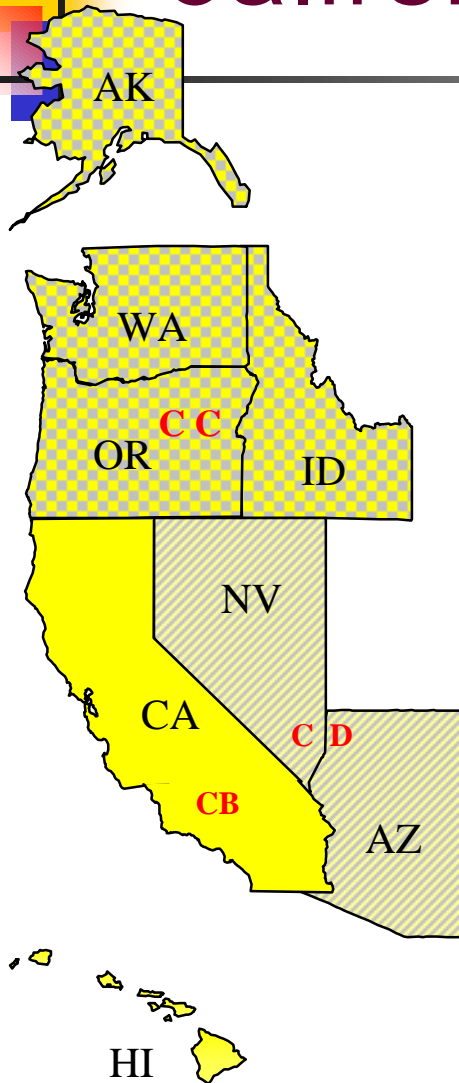
- ✍ HUD out sources management and marketing of REO to the private sector
- ✍ 13 different contractors provide services in 22 geographic contract areas
- ✍ 24 awards were made. However, three contract areas were collapsed into one, making the total number of contract areas 22
- ✍ Former contractors continue to provide services in 2 areas pending resolution of protests

Atlanta HOC



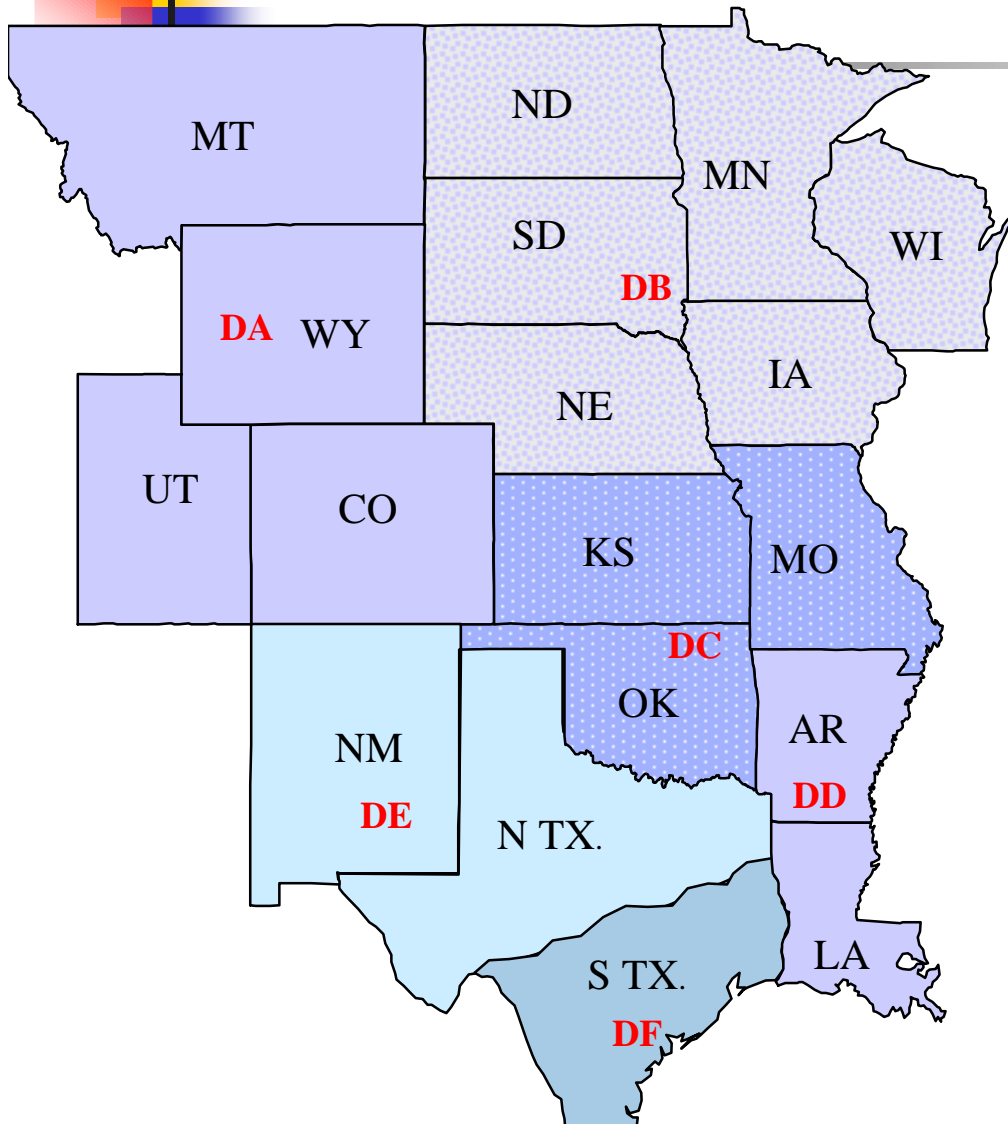
AREA	M&M	Phone
404-331-5001 Atlanta HOC 800-696-4687		
AA	HMBI	(704) 522-3590 (866) 316-4624
AB	Hooks Van Holms	(256) 241-1415 (866) 851-5476
AC	National Home Management Solutions	(321) 207-0700 (866) 888-2201
AD	HMBI	(704) 522-3590 (866) 316-4624
AE	Pyramid Real Estate	(615) 885-2002 (877) 451-4680
AF	AFR & Associates	(404) 222-0335 (877) 283-0857
AG	Atlantic Alliance of Asset Managers	(787) 977-0033

California HOC



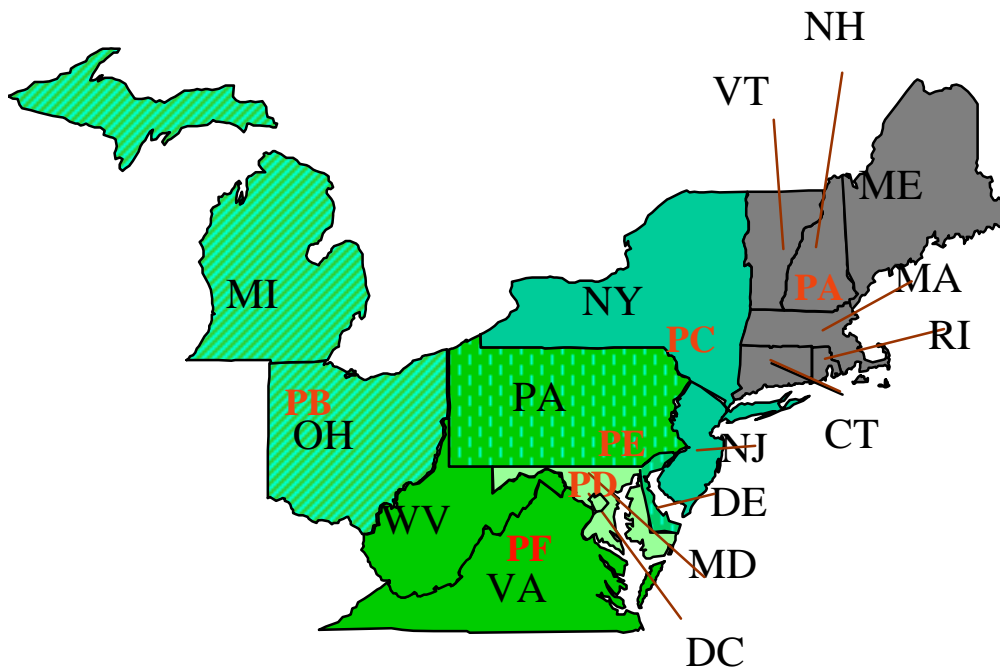
AREA	M&M	Phone
California HOC 888-827-5605		
CB	PEMCO	(916) 927-7313
CC	HMBI	(425) 378-9500 (866) 317-4624
CD	MCB	(480) 941-8737 (866) 941-8737

Denver HOC



AREA	M&M	Phone
303-672-5244 Denver HOC 800-543-9378		
DA	MCB	(303) 759-6736 (866) 889-6736
DB	Best Assets	(612)333-7450
DC	Pyramid Real Estate	(918) 660-0800
DD	CitySide Management	(985) 419-0311
DE	Southwest Alliance	(972) 788-0026
DF	Southwest Alliance	(512) 231-2600

Philadelphia HOC



AREA	M&M	Phone
215-656-0509 Philadelphia HOC 800-404-8647		
PA	CitySide Management	(603) 423-0313 (877) 289-7433
PB	MCB	(714) 230-3600
PC	National Home Management Solutions	(608) 981-5500 (800) 211-0621
PD	Home Source	(301)960-2700
PE	Hooks Van Holm	(610)491-2420 (866) 851-5482
PF	HMBI	(703) 465-1704



Major M&M Contract Changes

- ✍ Performance-based
- ✍ National oversight for uniform implementation
- ✍ Electronic Monitoring System (EMS)



Electronic Monitoring System

- ✍ On-line database of all property information including imaged copies of:
 - ✍ Overallowable requests
 - ✍ Title approvals
 - ✍ Mortgagee correspondence
- ✍ Real-time access to data and documents
- ✍ Electronic Lender Centers (some systems)



Mortgagee Changes

- ✍ Shortened time frames for response to Mortgagees
- ✍ Performance standards for Mortgagee interaction
- ✍ Minimum dollar amount for rejection of damaged properties
- ✍ Non-compliance letters/reports



Improved Response Time

- ✍ 2 Day response to general inquiries
- ✍ 5 Day response for Mortgagee:
 - ✍ Overallowables
 - ✍ Extensions of time
 - ✍ Title approval
- ✍ Maximum 30 days for claim reviews



New Performance Standards

Percentage of customer inquiries that receive an appropriate response within 2 business days	90%
Percentage of Mortgagee requests that receive an appropriate response within 5 business days	90%
Percentage of Part A reviews that are performed accurately and within 30 calendar days	95%
Percentage of Part B claim reviews that are performed accurately and within 30 calendar days	90%
Percentage of cases reviewed where title rejections are issued within 5 business days	90%



Acceptance of Damaged Property

- ✍ Conveyance **generally** may not be denied for properties with less than \$2,500 in damage.
 - ✍ Damage must be disclosed on Part A claim
 - ✍ Government damage estimate and/or insurance proceeds will be deducted from claim
 - ✍ HUD inspection form available for use by field service inspectors



Non-Compliance Letters

- ✍ Provides notice to Servicer Management and HUD of incidents of non-compliance
 - ✍ Response not required
 - ✍ Inaccurate notices will be corrected
- ✍ NSC to track Servicer performance for:
 - ✍ Overall program effectiveness
 - ✍ Policy and procedural weaknesses
 - ✍ Individual Servicer compliance



Why Is Compliance Critical?

Fiscal Year	Net Return	Average Expense	Average Sales Price	Average Claim
2003	75.33%	\$12,127	\$78,412	\$92,254
2004	73.50%	\$11,796	\$79,068	\$95,652
Change	-1.83%	-\$331	+\$656	+\$3,398

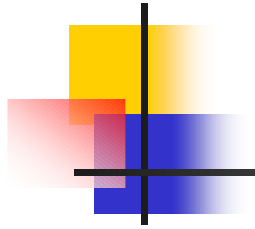


Impact

1.83% Reduction in Net Return From
2003 to 2004

Equals

\$124,355,912



HUD Contractor Web Site

<http://www.hud.gov/offices/hsg/sfh/reo/mm/mminfo.cfm>

- ✍ M&M contractor contact information
- ✍ Link to M&M contract
- ✍ Contract area map
- ✍ HUD GTR contact information



Case Level Questions ?

✍ 1st - M&M contractor

✍ 2nd - GTR

✍ 3rd - HOC REO Directors

✍ Atlanta — Janice Cooper 888-696-4687 x 2145

✍ California — Tom Rose 888-827-5605 x 3554

✍ Denver — Nancy Sullivan 800-543-9378 x 1526

✍ Philadelphia — Cheryl Walker 800-440-8647 x 3418



Conveyance Policy Questions ?

 HUD Headquarters 202-708-1672

 Marlene Robinson X 2891

 Leslie Bromer X 2309

 Wanda Sampedro X 2324

 Laurie Maggiano X 6879